

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Northern States Power Company/Courtenay Wind
Transfer of Site Certificate
Siting Application**

Case No. PU-15-174

**Northern States Power Company
200 MW Courtenay Wind Farm
Public Convenience and Necessity**

Case No. PU-15-175

**Northern States Power Company
Advance Prudence – 200 MW Courtenay Wind Farm
Application**

Case No. PU-15-181

**Northern States Power Company
Discontinue Prudence – Courtenay Wind Farm PPA
Application**

Case No. PU-15-183

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

AUGUST 24, 2015

Appearances

Commissioners Julie Fedorchak, Brian P. Kalk, and Randy Christmann.

Alison C. Archer, Xcel Energy, 414 Nicollet Mall, 5th Floor, Minneapolis, Minnesota 55401-1993, and Zeviel T. Simpser, Briggs and Morgan, P.A., 2200 IDS Center, 80 South Eighth Street, Minneapolis, Minnesota 55402-2157, appearing on behalf of Northern States Power Company.

John Schuh, Public Service Commission, State Capital, 600 E. Boulevard Ave., Bismarck, North Dakota 58505, on behalf of the Public Service Commission Advocacy Staff.

Illona Jeffcoat-Sacco, General Counsel, Public Service Commission, State Capitol, 600 E. Boulevard Ave., Bismarck, North Dakota 58505, on behalf of the Public Service Commission Advisory Staff.

Wade C. Mann, Administrative Law Judge, Office of Administrative Hearings, 2911 North 14th Street – Suite 303, Bismarck, North Dakota 58503.

Preliminary Statement

On April 30, 2015, in Case No. PU-15-174, Northern States Power Company (NSP) filed an application to transfer Certificate of Site Compatibility Number 36

originally issued in Case No. PU-13-64 to Courtenay Wind Farm, LLC for the proposed 200 MW Courtenay Wind Farm Project (Courtenay Project), in Stutsman County, North Dakota.

Also on April 30, 2015, in Case No. PU-15-175, NSP filed an application with the Commission seeking a Certificate of Public Convenience and Necessity (CPCN) for the Courtenay Project. NSP was previously granted an Advanced Determination of Prudence (ADP) for purchasing the output of the Courtenay Project through a Power Purchase Agreement (PPA) in Case No. PU-13-706. Due to changed circumstances, NSP is now proposing to develop, construct, own, and operate the Courtenay Project and hence requires a CPCN to do so.

On May 6, 2015, in Case No. PU-15-181, NSP filed an application with the Commission seeking an Advanced Determination of Prudence (ADP) to develop, construct, own, and operate the proposed Courtenay Project resource addition.

On May 11, 2015, in Case No. PU-15-183, NSP filed an application with the Commission seeking to discontinue the ADP previously granted by the Commission in Case No. PU-13-706. Also on May 11, 2015, the Commission's Advocacy Staff filed its response indicating support for the discontinuation of prudence requested by the Company.

On May 13, 2015, the Commission issued a Notice of Consolidated Hearing for Case No. PU-15-175, Case No. PU-15-181, and Case No. PU-15-183, scheduling a consolidated public hearing to begin July 23, 2015 at 8:30 a.m. CDT in the Commission Hearing Room, 12th Floor, State Capitol, 600 East Boulevard Avenue, Bismarck, North Dakota, 58505. The Notice identified the following issues to be considered:

1. Whether public convenience and necessity require or will require the construction and operation of the public utility plant or system.
2. Whether NSP is fit, willing and able to provide service.
3. Whether NSP's proposed resource addition is prudent.
4. Whether the Courtenay Wind Power Purchase Agreement resource addition determined to be prudent by the Commission's February 26, 2014 Order Adopting Settlement in Case No. PU-13-706 is no longer prudent.
5. Whether the Commission's February 26, 2014 Order Adopting Settlement in Case No. PU-13-706 should be modified.

Also on May 13, 2015, in Case No. PU-15-174, the Commission issued a Notice of Opportunity for Hearing, which provided until June 30, 2015 for receiving written comments or hearing requests. The notice identified the issues to be considered in

Case No. PU-15-174 as whether NSP agrees and is able to comply with the terms and conditions of the permit for construction and site certificate issued to Courtenay Wind, and whether the requested transfer is compatible with the public interest. No response was received.

On June 9, 2015, NSP filed information regarding potential ex-parte communications that occurred between Company employees and the Commissioners and staff of the North Dakota Public Service Commission in its June 3, 2015 Periodic Information Exchange. NSP presented updates of the Company's 2015 Resource Plan and updates on the regulatory process in Minnesota related to the review of the Courtenay Project.

On July 10, 2015, the Commission's Advocacy Staff filed the Direct Testimony of Mr. Victor Schock for Case No. PU-15-175 and Case No. PU-15-181.

On July 23, 2015, the Commission held the consolidated hearing as scheduled.

Having allowed all interested persons an opportunity to be heard and having heard, reviewed and considered all testimony and evidence presented, the Commission makes its:

Findings of Fact

1. NSP is an investor-owned utility headquartered in Minneapolis, Minnesota, authorized to provide public utility service in North Dakota under the regulatory jurisdiction of the Commission.
2. NSP provides electric service to approximately 90,000 retail electric customers in and around Fargo, Grand Forks, and Minot, North Dakota. NSP owns and operates a multi-state electric generation, transmission and distribution system with more than 250 miles of transmission lines and 14 substations in North Dakota.
3. NSP is fit, willing and able to provide service.
4. The Courtenay Project was first identified for acquisition through NSP's February 2013 Request for Proposals (RFP) for additional wind resources.
5. On July 26, 2013, the Company requested an ADP for purchasing the output of the Courtenay Project through a PPA in Case No. PU-13-706. On February 26, 2014, the Commission granted the requested ADP.
6. On November 13, 2013, in Case No. PU-13-64, the Commission granted Certificate of Site Compatibility Number 36 to Courtenay Wind Farm, LLC for the Courtenay Project.

7. Courtenay Wind Farm, LLC and its Parent, Geronimo Energy, LLC, were not able to obtain certain tax credits critical to securing financing or a third party partner for the Courtenay Project. Consequently the Courtenay Project is no longer viable on the terms negotiated in the PPA.

8. NSP determined that the Courtenay Project resource addition could remain viable under a different arrangement where NSP acquires, develops, and owns the Courtenay Project.

9. The Courtenay Project, as proposed, is located in Stutsman County, North Dakota, northeast of Jamestown. The Courtenay Project is a 200 MW wind energy generation facility that will cover 24,900 acres of land. Consistent with the Certificate of Site Compatibility, the Courtenay Project will consist of 100 Vestas wind turbine generators and associated infrastructure. NSP testified the Courtenay Project must be in service no later than December 31, 2016 to qualify for federal production tax credits and to meet that deadline initial construction must begin September 2015.

10. In order to facilitate NSP's development of the Courtenay Project, the transaction will include three key contracts. First, the Purchase and Sale Agreement (PSA) between NSP and Courtenay Wind Holdings LLC (a subsidiary of Geronimo Wind Energy) for the purchase of Courtenay Wind Farm LLC, which is the corporate entity that holds the real estate rights, permits (including the Certificate of Site Compatibility), and contracts (such as the Generator Interconnection Agreement) necessary for the development of the Courtenay Project. Second, a turbine supply agreement (TSA) with Vestas. Third, a Balance of Plant (BOP) contract with Wanzek, a North Dakota based contractor, for the construction of the Courtenay Project.

11. Courtenay Wind Farm, LLC, through its parent Geronimo Energy, LLC, supports the transfer of Certificate of Site Compatibility Number 36.

12. NSP agrees and is able to comply with the terms, conditions, and modifications of Certificate of Site Compatibility Number 36.

13. The requested transfer of Certificate of Site Compatibility Number 36 is compatible with the public interest.

14. North Dakota Century Code § 49-05-16(7) provides: "There is a rebuttable presumption that a resource addition located in the state is prudent."

15. NSP uses the Strategist modeling tool for quantitative resource planning modeling efforts. The tool is widely used by both utilities and utility commissions throughout the United States.

16. NSP's modeling indicates that the Courtenay Project will provide a net cost savings on a Present Value of Revenue Requirement (PVRR) basis to customers of \$97

million over the next 20 years. Consistent with North Dakota Century Code § 49-02-23, this analysis does not reflect any environmental externality costs.

17. NSP factored in various sensitivities, including low natural gas prices, a scenario where the system cannot make market purchases to meet increasing demands, and scenarios with higher and lower capacity factors than expected.

18. The results of NSP's sensitivity analyses indicate that even under a worst case scenario, the Courtenay Project would still provide customers with approximately \$20 million in net cost savings on a PVRR basis over the next 20 years.

19. Advocacy Staff testified that NSP ownership of the Courtenay Project represents the least cost option available to NSP to meet its future energy needs. Advocacy Staff reasoned that NSP's 2011-2025 Resource Plan identified a need for additional wind resources and the original PPA for the Courtenay Project was granted an ADP as a least cost resource. NSP's proposal to own the resource is a lower net present value cost than the original PPA.

20. Advocacy Staff testified that it does not rebut the statutory presumption of prudence and recommends approval of both the Advance Determination of Prudence Application and the requested Certificate of Public Convenience and Necessity.

Based on the foregoing Findings of Fact, the Commission makes its:

Conclusions of Law

1. The Commission has jurisdiction over these matters.

2. The original PPA negotiated for the Courtenay Wind Farm is no longer viable and consequently no longer prudent.

3. Under North Dakota Century Code § 49-05-16, NSP's proposed Courtenay Wind Farm resource addition is presumed prudent and that presumption has not been rebutted. NSP's development, construction, ownership, and operation of the Courtenay Project is prudent.

4. Public convenience and necessity require NSP's construction and operation of the Courtenay Wind Farm.

5. NSP is fit, willing, and able to provide service.

6. NSP agrees to comply with the terms, conditions, and modifications of Certificate of Site Compatibility Number 36 and its requested certificate transfer is compatible with the public interest.

From the foregoing Findings of Fact and Conclusions of Law, the Commission makes its:

Order

The Commission Orders:

1. NSP's request for an Advance Determination of Prudence for acquisition and development of the Courtenay Wind Farm Project in North Dakota is GRANTED.
2. NSP's request for a Certificate of Public Convenience and Necessity to develop, construct, own, operate, and maintain the Courtenay Wind Farm Project in North Dakota is GRANTED.
3. Certificate of Public Convenience and Necessity No. 5876 is issued to NSP to construct and operate the Courtenay Wind Farm Project.
4. NSP's request to transfer Certificate of Site Compatibility Number 36 previously granted by the Commission's November 13, 2013 Order in Case No. PU-13-64 is GRANTED, and First Reissued Certificate of Site Compatibility Number 36 is issued to NSP.
5. The Applicant's request to discontinue the Prudence of the Power Purchase Agreement for the Output of the Courtenay Wind Farm granted by the Commission's February 26, 2014 Order Adopting Settlement in Case No. PU-13-706 is GRANTED.

PUBLIC SERVICE COMMISSION


Randy Christmann
Commissioner


Julie Fedorchak
Chairman


Brian P. Kalk
Commissioner

PUBLIC SERVICE COMMISSION

STATE OF NORTH DAKOTA

Certificate of Public Convenience and Necessity

Certificate Number 5876

This is to certify that public convenience and necessity require, and permission is granted for Northern States Power Company, to construct and operate the Courtenay Wind Farm Project in Stutsman County, North Dakota.

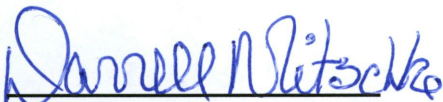
This certificate is issued in accordance with the Order of this Commission dated August 24, 2015 in Case No. PU-15-175, and is subject to the conditions and limitations noted in the Order.

This certificate is conditioned upon Northern States Power Company securing the franchise or other authority of the proper municipal or other public authority for the exercise of these rights and privileges.

Bismarck, North Dakota, August 24, 2015.

ATTEST:

PUBLIC SERVICE COMMISSION


Executive Secretary


Commissioner

PUBLIC SERVICE COMMISSION
STATE OF NORTH DAKOTA

First Reissued Certificate of Site Compatibility Number 36

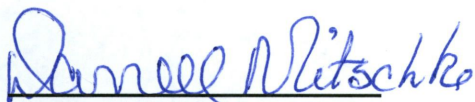
This is to certify that the Commission has designated an energy conversion facility site for Northern States Power Company for its Courtenay Wind Farm consisting of up to 127 Wind Turbines and associated facilities totaling up to 200.5 MW of generating capacity in Stutsman County, North Dakota.

The facility may be sited in this designated location in compliance with the energy conversion facility siting criteria. This certificate is issued in accordance with the Finding of Fact, Conclusion of Law and Order of the Commission in Case No. PU-13-64 dated November 13, 2013 and Case No. PU-15-174 dated August 24, 2015 and is subject to the conditions and limitations noted in those orders.

Bismarck, North Dakota, August 24, 2014.

ATTEST:

PUBLIC SERVICE COMMISSION



Executive Secretary



Commissioner